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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - X
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - X

**SEVENTH INTERIM FEE APPLICATION OF SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP FOR COMPENSATION FOR SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE
DEBTORS FOR THE PERIOD FROM MAY 1, 2010 THROUGH AND
INCLUDING JULY 31, 2010**

Name of Applicant: Skadden, Arps, Slate, Meagher & Flom
LLP

Authorized to provide professional services to: Circuit
City Stores, Inc., et al.

Date of retention: effective November 10, 2008

Period for which compensation and reimbursement are sought: May 1, 2010 through and including July 31, 2010

Amount of compensation sought as actual, reasonable, and necessary: \$1,922,626

Amount of expense reimbursement sought as actual, reasonable, and necessary: \$50,422

This is a/an: _____ monthly X interim _____ final application.

The Application does not request compensation at this time for services rendered in preparing this Application. The Applicant intends to seek such compensation at a later date.

**COMPENSATION BY PROFESSIONAL PERSON
SKADDEN, ARPS SLATE, MEAGHER & FLOM LLP
MAY 1, 2010 - JULY 31, 2010**

	<u>YEAR OF</u>			
<u>NAME</u>	<u>ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>PARTNER</u>				
Jody J. Brewster	1983	\$995	9.2	\$9,154
Philippe Derouin	1976	\$995	27.0	\$26,866
Gregg M. Galardi	1990	\$975	245.4	\$239,275
David F. Levy	1995	\$850	29.4	\$24,990
Timothy G. Reynolds	1980	\$995	8.1	\$8,060
	TOTAL PARTNER		319.1	\$308,345
<u>ASSOCIATE</u>				
Sarah K. Baker	2006	\$575	380.8	\$218,965
Joshua J. Bugay	2009	\$420	244.4	\$102,648
Pamela S. Dangelo	2008	\$485	14.4	\$6,985
Folarin S. Dosunmu	2004	\$665	8.0	\$5,320
Ian S. Fredericks	2003	\$665	626.8	\$416,830
Kellan Grant	2000	\$680	88.0	\$59,840
Douglas D. Herrmann	2005	\$630	148.0	\$93,240
Amy C. Huffman	2007	\$525	60.8	\$31,920
Christine W. Kim	2008	\$485	7.0	\$3,395
Candice Korkis	2009	\$420	22.7	\$9,534
Jessica S. Kumar	2007	\$525	272.6	\$143,119
Kelly A. Lazaroff	2008	\$485	124.0	\$60,143
Jason M. Liberi	2003	\$680	238.3	\$162,044
John P. Marston	2004	\$665	123.3	\$81,995
Sundeep S. Sidhu	2009	\$420	190.9	\$80,178
Jarrett Vine	2009	\$420	96.4	\$40,488
	TOTAL ASSOCIATE		2646.4	\$1,516,644
<u>PARAPROFESSIONALS</u>				
Christopher L. Angelica		\$295	30.3	\$8,939
Mark D. Campana		\$297	0.3	\$89
Stacey P. Delacruz		\$185	5.4	\$999
Merrick L. Friel		\$295	14.2	\$4,129

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
Erwan Garnier		\$295	12.0	\$3,540
Christopher M. Heaney		\$295	172.2	\$50,801
Christine H. Ingram		\$345	5.3	\$1,829
Wendy K. LaManna		\$295	72.0	\$21,241
Larry S. Morton		\$295	12.3	\$3,629
William C. Terry		\$345	6.9	\$2,381
	TOTAL PARAPROFESSIONAL		330.9	\$97,637
	TOTAL		3296.4	\$1,922,626
BLENDED HOURLY RATE				\$583

COMPENSATION BY MATTER
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
MAY 1, 2010 - JULY 31, 2010

Matter	Total Hours	Total Fees
General Corporate Advice	110.3	\$81,288
Asset Analysis and Recovery	28.6	\$15,665
Asset Dispositions (Real Property)	36.3	\$21,136
Automatic Stay (Relief Actions)	0.3	\$173
Business Operations/Strategic Planning	18.4	\$17,941
Case Administration	184.4	\$74,814
Claims Administration (General)	1073.8	\$575,073
Claims Administration (Reclamation)	137.5	\$70,114
Creditor Meetings/Statutory Committees	27.4	\$21,353
Employee Matters (General)	15.4	\$8,337
Insurance	122	\$77,520
Investigations and Reviews	5.9	\$4,575
Leases (Real Property)	1.7	\$914
Litigation (General)	547.9	\$299,002
Litigation (Insurance Recovery)	1.2	\$1,170
Liquidation/Feasibility	6.5	\$4,323
Nonworking Travel Time* *Billed at 50%	42.2	\$33,335
Regulatory and SEC Matters	0.7	\$559
Reorganization Plan/Plan Sponsors	580.9	\$377,102
Retention/Fee Matters (SASM&F)	24.7	\$14,213
Retention/Fee Matters/Objections (Other)	41.2	\$22,969
Secured Claims	5.8	\$3,336
Tax Matters	276.0	\$193,516
Utilities	7.3	\$4,198
TOTAL	3296.4	\$1,922,626

EXPENSE SUMMARY
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
MAY 1, 2010 - JULY 31, 2010

Expense Category	Total Expenses
Computer Legal Research	\$19,705
Telecommunications	\$935
Reproduction and Document Preparation	2,311
Outside Research	\$1,326
Travel	\$20,052
Courier, Express Carriers (e.g., Federal Express) and Postage	\$1,952
Electronic Document Management	\$3,961
Filing/Court Fees	\$180
TOTAL	\$50,422

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
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In re: : Chapter 11
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CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**SEVENTH INTERIM APPLICATION OF SKADDEN, ARPS,
SLATE, MEAGHER & FLOM LLP FOR COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS COUNSEL TO THE DEBTORS FOR THE PERIOD FROM
MAY 1, 2010 THROUGH AND INCLUDING JULY 31, 2010**

Skadden, Arps, Slate, Meagher & Flom LLP and
its affiliated law offices (collectively, "Skadden,
Arps"), counsel for the debtors and debtors in
possession in the above-captioned cases (collectively,

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the "Debtors"),¹ submit this application (the "Application") seeking allowance of interim compensation and reimbursement of expenses under sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code") for the period from May 1, 2010 through and including July 31, 2010 (the "Application Period"), and represent as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.

¹ The Debtors are the following entities: The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for the Debtors is 4951 Lake Brook Drive, Suite #500, Glen Allen, VA 23060.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 330 and 331.

BACKGROUND

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going-out-of-business sales pursuant to the Agency Agreement at the Debtors' remaining stores. The going-out-of-business sales were concluded on or about March 8, 2009.

5. On September 29, 2009, the Debtors and the Creditors' Committee filed the First Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors In Possession and its Official Committee of Creditors Holding General

Unsecured Claims (the "First Amended Plan"). The associated disclosure statement (the "Disclosure Statement") was approved on September 24, 2009.

6. On August 9, 2010, the Debtors and the Creditors' Committee filed the Second Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors In Possession and its Official Committee of Creditors Holding General Unsecured Claims (the "Second Amended Plan"). The Second Amended Plan was confirmed on September 8, 2010.

7. Generally, the Second Amended Plan provides for the liquidation of the Debtors and distributions of their assets to creditors under chapter 11 of the Bankruptcy Code.

RETENTION OF SKADDEN, ARPS

8. On November 20, 2008, the Debtors applied to the Court for an order authorizing them to retain Skadden, Arps pursuant to an engagement agreement dated September 1, 2008 (the "Engagement Agreement") as their bankruptcy counsel, effective as of the Petition Date, to provide the following professional services:

(a) advising the Debtors with respect to their powers and duties as debtors and debtors in possession in the continued management and operation of their businesses and properties;

(b) attending meetings and negotiating with representatives of creditors and other parties in interest and advising and consulting on the conduct of the cases, including all of the legal and Interim Compensation requirements of operating in chapter 11;

(c) taking all necessary action to protect and preserve the Debtors' estates, including the prosecution of actions on behalf of the Debtors' estates, the defense of any actions commenced against those estates, negotiations concerning litigation in which the Debtors may be involved and objections to claims filed against the estates;

(d) preparing, on behalf of the Debtors, motions, applications, answers, orders, reports, and papers necessary to the administration of the estates;

(e) preparing and negotiating on the Debtors' behalf plan(s) of reorganization, disclosure statement(s), and all related agreements and/or documents and taking any necessary action on behalf of the Debtors to obtain confirmation of such plan(s);

(f) advising the Debtors in connection with any sale of assets;

(g) performing other necessary legal services and providing other necessary legal advice to the Debtors in connection with these chapter 11 cases; and

(h) appearing before this Court, any appellate courts, and the United States

Trustee and protecting the interests of the Debtors' estates before such courts and the United States Trustee.²

9. On December 8, 2008, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Skadden, Arps as their counsel effective as of the Petition Date pursuant to the terms of the Engagement Agreement. A copy of the Retention Order is attached hereto as Exhibit A.

INTERIM COMPENSATION

10. On December 9, 2008, the Court entered an Order Under Bankruptcy Code Sections 105(a) and 331 Establishing Procedures for Interim Compensation (the "Interim Compensation Order"). A copy of the Interim Compensation Order is attached hereto as Exhibit B.

11. Pursuant to the terms of the Interim Compensation Order, if no objection to a monthly fee application is filed within twenty (20) days of the date of filing of that application, then the respective

² Information concerning the experience and standing at the bar of Skadden, Arps' senior attorneys on this engagement are described in the application and related materials filed by Skadden in support of its retention in these cases (the "Retention Application") (D.I. 287), which is incorporated herein by reference.

professionals may be paid eighty-five percent (85%) of the fees and one hundred percent (100%) of the expenses set forth in the applicable monthly fee application.

12. Every three (3) months beginning with the three-month period ending on January 31, 2009, all professionals, including Skadden, Arps, are required to file interim fee applications for the prior three-month period. Thereafter, this Court schedules a hearing to consider such interim fee applications, including payment of the fifteen percent (15%) "holdback".

13. Pursuant to the Interim Compensation Order, Skadden, Arps has served each Monthly Fee Request, including time and expense detail, on (i) Circuit City Stores, Inc., (ii) McGuireWoods LLP, (iii) the Office of the United States Trustee, and (iv) Pachulski Stang Ziehl & Jones LLP (collectively, the "Notice Parties") for each of the months in the Application Period.

14. On June 16, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$653,144, consisting of \$640,688 for professional fees and \$12,456 for expenses relating to the period from May 1, 2010 through and including May 31, 2010. Pursuant to the

Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on July 6, 2010 without any objections. At that time, Skadden, Arps was paid 85% of the requested professional fees and 100% of requested expenses, in the aggregate amount of \$557,041.

15. On July 14, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$783,872, consisting of \$763,089 for professional fees and \$20,783 for expenses relating to the period from June 1, 2010 through and including June 30, 2010. Pursuant to the Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on August 3, 2010 without any objections. At that time, Skadden, Arps was paid 85% of the requested professional fees and 100% of requested expenses, in the aggregate amount of \$669,409.

16. On August 11, 2010, Skadden, Arps served its Monthly Fee Request in the amount of \$536,032, consisting of \$518,849 for professional fees and \$17,183 for expenses relating to the period from July 1, 2010 through and including July 31, 2010. Pursuant to the

Interim Compensation Order, the Notice Parties had twenty days to object to such Monthly Fee Request. The 20-day period for objections expired on August 31, 2010 without any objections. At that time, Skadden, Arps was paid 85% of the requested professional fees and 100% of requested expenses, in the aggregate amount of \$458,205.

17. Pursuant to the Interim Compensation Order, Skadden, Arps is filing this Application for compensation for professional services rendered and reimbursement of disbursements made in these cases during the Application Period.

RELIEF REQUESTED

18. By this Application, Skadden, Arps requests approval and payment of interim compensation and reimbursement of expenses for the Application Period pursuant to Bankruptcy Code sections 330 and 331. Attached as Exhibit C are copies of Skadden, Arps' fee statements (the "Statements") reflecting professional services rendered for which compensation is sought and actual disbursements for which reimbursement is sought.

19. At this time, Skadden, Arps is seeking allowance of compensation equal to \$1,922,626 in fees

for professional services rendered during the Application Period as counsel to the Debtors in these chapter 11 cases. This amount is derived solely from the applicable hourly billing rates of the firm's personnel who rendered such services to the Debtors. Of this amount, Skadden, Arps has already been paid \$1,634,233 pursuant to the Interim Compensation Order. In addition to the foregoing amounts, through this Application, Skadden, Arps requests payment of \$288,393, representing the aggregate 15% holdback of fees billed, but withheld, during the Application Period.

20. Skadden, Arps also requests allowance of reimbursement of 100% of the actual and necessary out-of-pocket disbursements and charges incurred in the Application Period, equal to \$50,422.

21. The fees and disbursements sought for this Application Period reflect total client accommodations of \$119,297. In the event that any objections to this Application are filed, Skadden, Arps reserves the right to seek payment for all or any part of the client accommodations.

22. This Application is made without prejudice to the firm's right to seek further interim allowances and/or a final allowance of compensation in the future in accordance with the Retention Order and the Interim Compensation Order.

23. Skadden, Arps has received no promise of payment for professional services rendered, or to be rendered, in these cases other than in accordance with the provisions of the Bankruptcy Code.

BASIS FOR RELIEF

24. It is not practical to describe every phone call made, meeting attended, document generated, or other service provided in the Debtors' cases during the Application Period. Thus, this Application highlights the most significant services performed; the attached time records contain the detail of each task performed during the Application Period.

25. Skadden, Arps submits that the legal services and advice rendered to the Debtors during the Application Period were necessary and beneficial to the Debtors and their estates and creditors.

26. During the Application Period, attorneys and paraprofessionals of Skadden, Arps devoted a total of 3296.4 hours to representation of the Debtors. Of the aggregate time expended, 319.1 hours were spent by partners, 2646.4 hours were spent by associates and 330.9 hours were spent by paraprofessionals. Schedules showing the name and position of each such partner, associate and paraprofessional, hours worked during the Application Period, and hourly billing rate are provided at the front of this Application. Skadden, Arps' professionals billed their services in these cases to numerous matters corresponding to particular activities in the case. Exhibit D provides the detail by matter of the time billed for such services.

27. Set forth on Exhibit E are the detailed expense charges incurred during the Application Period by matter number.

DESCRIPTION OF SERVICES RENDERED

28. The following description of Skadden, Arps' services is a summary of the matters that occupied substantial amounts of time during the Application Period.

I. MATTERS OVER \$250,000

29. During the Application Period, Skadden, Arps' professionals devoted significant time to three key matters, the time value of which exceeds \$250,000 for each. These matters are as follows:

A. Claims Administration (General)
(Amount Sought: \$575,073)

30. During the Application Period, Skadden, Arps continued analyzing, reconciling and objecting to claims against the Debtors' estates. In prior application periods, Skadden, Arps had filed numerous omnibus objections and received responses from many claimants. In this Application Period, Skadden, Arps' professionals continued to focus on evaluating claims filed and negotiating with individual claimants, working to consensually resolve large secured, administrative, 503(b)(9), and priority claims where practicable and expedient. If a resolution could not be reached, Skadden, Arps prepared for and prosecuted contested hearings.

31. Skadden, Arps also continued evaluating the collection of receivables from various creditors

through setoff or otherwise. In doing so, Skadden, Arps' professionals worked closely with the Debtors and the claimants to reconcile accounts and attempt to reach consensual resolutions. Where appropriate, Skadden, Arps professionals' drafted stipulations that both secured the return of receivables to the Debtors' estates and resolved large claims without resorting to litigation.

32. Similarly, Skadden, Arps continued analyzing and reconciling the claims of the Debtors' landlords, identifying all bases for reducing, reclassifying, and/or disallowing such claims, and settling such claims where practicable and expedient. Additionally, professionals at Skadden, Arps drafted demand letters seeking payment of tenant improvement allowances and other reimbursements due to the Debtors from certain landlords.

33. In all, Skadden, Arps' professionals devoted a total of 1073.8 hours to claims administration matters during the Application Period for which compensation is sought, with a total time value of \$575,073.

**B. Reorganization Plan/Plan Sponsors
(Amount Sought: \$377,102)**

34. During the Application Period, Skadden, Arps devoted significant time attempting to negotiate a consensual modified plan of liquidation and advising the Debtors' concerning their options with respect thereto. After negotiations failed and the Creditors' Committee filed a separate plan, Skadden, Arps prepared for the possibility of filing a competing plan. Simultaneously, Skadden, Arps filed a motion to compel mediation and thereafter continued to attempt to negotiate a consensual resolution.

35. Ultimately, the Court ordered mediation on the remaining disputed issues. Skadden, Arps prepared for and guided the Debtors through the process and spent substantial time preparing for and participating in mediation. Following successful mediation, Skadden, Arps' professionals drafted new and modified existing plan documents.

36. Finally, Skadden, Arps' professionals worked to continue to resolve objections to confirmation and update plan documents accordingly.

37. In all, Skadden, Arps' professionals devoted a total of 580.9 hours to reorganization and plan-related matters during the Application Period for which compensation is sought, with a total time value of \$377,102.

C. Litigation
(Amount Sought: \$299,002)

38. During the Application Period, Skadden, Arps drafted multiple and filed certain complaints on the Debtors' behalf against individual defendants, seeking to collect receivables and recover preferential transfers where the Debtors and each claimant-defendant were unable to reach a settlement. As these litigation matters progressed, the efforts of Skadden, Arps' professionals focused on discovery and settlement. Skadden, Arps' professionals also participated in pre-trial conferences and continued to develop and strategize regarding the Debtors' causes of action.

39. During the Application Period, Skadden, Arps also defended against two appeals. In the prior application period, the Court ruled that reclamation claimants were not entitled to administrative claims on

account of the goods subject to reclamation. As part of that appeal, during the Application Period, Skadden, Arps' professionals filed a brief in opposition to the appellant's opening brief. Also during the Application Period, Skadden, Arps prepared to defend against an appeal of the Court's ruling denying a certain class proof of claim.

40. In addition to initiating litigation on the Debtors' behalf, Skadden, Arps' professionals defended the Debtors in litigation initiated by other parties. This assistance consisted of, among other things, drafting and responding to discovery requests, and drafting and responding to motions or pleadings in various contested matters and adversary proceedings.

41. In all, Skadden, Arps' professionals devoted a total of 547.9 hours to litigation matters during the Application Period for which compensation is sought, with a total time value of \$299,002.

II. MATTERS OVER \$50,000

42. Skadden, Arps' professionals devoted time to additional important matters during the Application

Period, the time value of which exceeds \$50,000 for each.

These matters are as follows:

A. Tax Matters
(Amount Sought: \$193,516)

43. During the Application Period, Skadden, Arps continued to address developments relating to tax refunds owed to the Debtors on account of (i) a sale/leaseback transaction and (ii) net operating loss carrybacks, including, among other things, recovery of the remaining refunds.

44. Additionally, Skadden, Arps continued to assist the Debtors and their Canadian professionals with tax matters related to the Canadian affiliates and potential distributions to the Debtors' estates from the Canadian Debtors.

45. Finally, as mentioned above, Skadden, Arps' professionals assisted the Debtors with analyzing and reconciling various tax priority claims and, in certain instances, filed and prosecuted motions and other pleadings seeking to disallow substantial priority tax claims based on governing tax law.

46. In all, Skadden, Arps' professionals devoted a total of 276 hours to tax matters during the Application Period for which compensation is sought, with a total time value of \$193,516.

**B. General Corporate Advice
(Amount Sought: \$81,288)**

47. During the Application Period, Skadden, Arps continued to provide the Debtors with general corporate advice related to their obligations under the Bankruptcy Code and governing state law. In particular, Skadden, Arps provided significant advice to the various Debtors during the negotiations with the Creditors' Committee concerning the plan and mediation.

48. In all, Skadden, Arps' professionals devoted a total of 110.3 hours to general corporate advice during the Application Period for which compensation is sought, with a total time value of \$81,288.

**C. Insurance
(Amount Sought: \$77,520)**

49. During the Application Period, Skadden, Arps analyzed certain insurance policies of the Debtors and researched issues related thereto. Moreover,

professionals at Skadden, Arps researched and drafted documents required under certain insurance policies to provide notice of potential claims that may be filed against the Debtors and/or their former officers and directors.

50. In all, Skadden, Arps' professionals devoted a total of 122 hours to insurance matters during the Application Period for which compensation is sought, with a total time value of \$77,520.

D. Case Administration
(Amount Sought: \$74,814)

51. During the Application Period, Skadden, Arps worked closely with the Creditors' Committee as the Debtors' cases progressed toward confirmation and transition to a proposed liquidating trust. Skadden, Arps' professionals communicated extensively with counsel to the Committee to keep counsel informed of recent developments, especially those related to settlement discussions and proposals with third parties. Skadden, Arps' professionals also continued drafting comprehensive memoranda for the Debtors' chief restructuring officer and proposed trustee under the

liquidating trust regarding the status of all matters on which Skadden, Arps was working.

52. Additionally, Skadden, Arps' professionals prepared for, attended and participated in various omnibus hearings, each dealing with numerous contested and uncontested matters.

53. In all, Skadden, Arps' professionals devoted a total of 184.4 hours to case administration matters during the Application Period for which compensation is sought, with a total time value of \$74,814.

**E. Claims Administration (Reclamation)
(Amount Sought: \$70,114)**

54. As noted above, during the Application Period, certain reclamation claimants appealed the Court's ruling that they were not entitled to administrative claims on account of goods subject to reclamation. Accordingly, Skadden, Arps' professionals researched additional issues and prepared briefs in connection with the appeal.

55. In all, Skadden, Arps' professionals devoted a total of 137.5 hours to reclamation claims

administration matters during the Application Period for which compensation is sought, with a total time value of \$70,114.

III. MATTERS OVER \$15,000

56. Certain other matters required the attention of Skadden, Arps during the Application Period, the time value of which exceeds \$15,000 for each. These matters are as follows:

**A. Nonworking Travel Time
(Amount Sought: \$33,335)**

57. During the Application Period, Skadden, Arps' professionals traveled to attend numerous omnibus hearings, on-site client meetings and mediation sessions.

58. In all, Skadden, Arps' professionals devoted a total of 42.2 hours to non-working travel during the Application Period for which compensation is sought, with a time value of \$33,335, representing fifty percent (50%) of the total time value.

**B. Retention/Fee Matters/Objections (Others)
(Amount Sought: \$22,969)**

59. During the Application Period, Skadden, Arps negotiated with the Creditors' Committee and other interested parties to consensually resolve disputes over

matters related to other professionals retained in the Debtors' cases.

60. In all, Skadden, Arps' professionals devoted a total of 41.2 hours to matters related to the retention of other professionals during the Application Period for which compensation is sought, with a time value of \$22,969.

**C. Creditor Meetings/Statutory Committees
(Amount Sought: \$21,353)**

61. During the Application Period, Skadden, Arps' professionals engaged in extensive communication with the Creditors' Committee, as the Debtors attempted to negotiate a consensual resolution to the various plan disputes. This involved preparing for and participating numerous teleconferences and meetings.

62. In all, Skadden, Arps' professionals devoted a total of 27.4 hours to creditor and statutory committee matters during the Application Period for which compensation is sought, with a time value of \$21,353.

D. Asset Dispositions (Real Property)
(Amount Sought: \$21,136)

63. During the Application Period, professionals at Skadden, Arps facilitated the disposition of the Debtors' final four parcels of owned real estate, including, notably, the sale of the Debtors' corporate headquarters property. These dispositions required negotiating with interested parties and drafting motions, bid procedures and other documents concerning such dispositions.

64. In all, Skadden, Arps' professionals devoted a total of 36.3 hours to real property disposition matters during the Application Period for which compensation is sought, with a total time value of \$21,136.

E. Business Operations/Strategic Planning
(Amount Sought: \$17,941)

65. During the Application Period, Skadden, Arps' professionals continued to provide the Debtors with strategic advice related to maximizing the value of their remaining assets, which consist primarily of causes of action and potential distributions from their Canadian affiliates.

66. In all, Skadden, Arps' professionals devoted a total of 18.4 hours to business operations and strategic planning during the Application Period for which compensation is sought, with a total time value of \$17,941.

**F. Asset Analysis and Recovery
(Amount Sought: \$15,665)**

67. During the Application Period, Skadden, Arps professionals continued investigating various causes of action and other potential assets.

68. In all, Skadden, Arps' professionals devoted a total of 28.6 hours to asset analysis and recovery during the Application Period for which compensation is sought, with a total time value of \$15,665.

IV. MATTERS UNDER \$15,000

69. Finally, Skadden, Arps devoted time to matters with a total time value less than \$15,000 each. These matters included (i) terminating and amending certain employee benefit plans, (ii) updating and reviewing the Debtors' liquidation and feasibility analysis, (iii) settling outstanding utility matters,

(iv) resolving secured claims, (v) attending to inquiries and requests of former landlords, (vi) complying with regulatory requirements, (vii) addressing automatic stay relief actions, and (viii) obtaining approval of Skadden, Arps' compensation.

ALLOWANCE OF COMPENSATION

70. **Compensation Sought.** Because of the benefits realized by the Debtors, the nature of these cases, the standing at the bar of the attorneys who rendered services, the amount of work done, the time consumed, the skill required and the contingent nature of the compensation, Skadden, Arps requests that it be allowed at this time all compensation for the professional services rendered during the Application Period. Additionally, Skadden, Arps seeks payment of the remaining 15% holdback, totaling \$288,393.

71. Skadden, Arps achieved cost efficiencies by employing a streamlined case management structure. Instead of assigning various attorneys to the myriad of tasks that arose during these cases, Skadden, Arps designated a core group of associates who were assigned responsibility for specific matters and types of matters.

This (i) allowed some attorneys to work almost exclusively on discrete matters in the Debtors' cases, (ii) permitted the case to be staffed with as little partner involvement as appropriate, and (iii) enabled Skadden, Arps to avoid performing duplicative or unnecessary work.

72. **Reimbursement of Expenses.** Skadden, Arps has disbursed, and requests allowance reimbursement for \$50,422, representing actual and necessary expenses incurred while rendering professional services in these cases.

73. **Compensation Sharing Disclosure.** Other than between Skadden, Arps and its affiliated law practices and their members, no agreement or understanding exists between Skadden, Arps and any other person or persons for the sharing of compensation received or to be received for professional services rendered in or in connection with these cases, nor will any be made except as permitted pursuant to Bankruptcy Code section 504(b)(1).

74. **Reservation of Rights.** Skadden, Arps reserves the right to return to this Court seeking

reimbursement for amounts related to work performed or expenses incurred during the Application Period but not yet reflected in the firm's time records or to amend the amounts listed herein to correct any bookkeeping errors. In the event a subsequent review reveals that additional professional services have been rendered or expenses have been incurred on behalf of the Debtors during the Application Period, which were not processed by the firm's accounting system before the time of this Application, Skadden, Arps reserves the right to seek such additional fees and expenses by subsequent application to the Court.³

³ Skadden, Arps further reserves the right to request additional compensation at a later date for time spent preparing this Application.

CONCLUSION

WHEREFORE, Skadden, Arps respectfully requests entry of an order (a) approving interim compensation for professional services rendered as attorneys for the Debtors in the sum of \$1,922,626, equal to one hundred percent (100%) of fees incurred during the Application Period; (b) authorizing payment of \$288,393 as fifteen percent (15%) of fees held back; (c) approving of reimbursement of actual and necessary expenses in the sum of \$50,422; and (d) granting such other and further relief as is just and proper.

Dated: September 14, 2010

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